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SUBJECT: PRIME MINISTER MALIKI UPDATES AMBASSADOR AND CG ON  
POLITICAL DEVELOPMENTS

Classified By: Ambassador Ryan C. Crocker for reasons 1.4 (b) and (d).

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Summary  
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11. (S) During a February 11 meeting with the Ambassador and General Petraeus, Prime Minister Maliki blamed the Kurds for the present budget impasse, insisting their behavior was a challenge to his governance that required a firm hand lest other provinces be so emboldened. The Ambassador encouraged a quick resolution on the Kurdish demand for a 17 percent budget allocation, followed at a later date by a political deal on funding the Kurdish Peshmerga. On the ongoing legislative debate on provincial powers, Maliki confirmed his preference for a strong central government, and believed agreement had been reached by key parties. Similarly, legislation on a general amnesty was close to being approved by Parliament, despite several groups' demands that the law apply to larger numbers of detainees. On the topic of CF detainees, the CG invited Maliki to visit a CF-run detention facility to dispel rumors that recidivist "insurgents" were being released by the Coalition. On the subject of Tawafuq's return to government, Maliki dismissively blamed internal divisions within the Sunni bloc for delaying a resolution. End summary.

12. (SBU) The Prime Minister was accompanied during the 60-minute meeting by his Chief of Staff, Dr. Tareq Abdullah, and Political Advisor Sadiq Rikabi. The Ambassador and CG were joined by the CG's Advisor Sadi Othman, Staff Assistant Ali Khedery, and Poloff (note-taker).

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Budget Impasse  
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13. (S) After confirming Maliki's full recovery from a recent health scare, the Ambassador asked for a readout on the ongoing budget impasse. The PM said that "political considerations" were driving the Kurds to be "bothersome;" the same considerations had made earlier negotiations on the Constitution difficult. The Kurds, he continued, withdraw from meetings "as soon as there is something not to their liking." The 17 percent budget figure was based on population figures from the Planning Ministry, which has revised that number downwards to 14 percent, he said. Regardless, "we offered them up to 17 percent of the budget, with addendum to cover any further expenses" (referring to requests to fund the Peshmerga). Maliki said that he offered to fund two divisions of the Iraqi Army that could be stationed in the KRG; an offer the Kurds felt was a "conspiracy."

14. (S) Responding to the Ambassador and CG's call to settle on the 17 percent issue now, and follow up with a political deal with KRG President Barzani later, Maliki quickly pointed to CoR opposition from Sadrists, Tawafuq, Hewar, and others.

The PM took credit, however, for the "hard work" it required to successfully convince his Dawa comrades to support the 17 percent figure. The Kurds, he added, even after an agreement on 17 percent, were "uncooperative;" insisting on full funding for the Peshmerga. Maliki asked the Ambassador to weigh in with Barzani and the Kurds to settle on 17 percent now, and decide the Peshmerga issue later. (Comment: Our subsequent discussions that evening with Talabani and KDP rep Showays confirmed this deal. End Comment.) Returning to the funding issue for the Peshmerga, Maliki complained that the Kurds were demanding funding for 190 thousand forces, and benefits for an additional 90 thousand retirees and "martyrs." If we agree, he worried, "other provinces will demand the same thing." If we concede, the end result will be an Army of a million and a half, with all our oil money needed to pay salaries. Furthermore, he noted, the KRG is demanding provision by the GOI for advanced tanks, planes, and artillery -- items that the Iraqi Army does not yet have. Asked if he was in direct touch with President Talabani or Barzani on these issues, Maliki said Barzani was the problem and added half-heartedly that he would look into when the two might meet.

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Provincial Powers Law  
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15. (S) Asked his views on the draft provincial powers law, Maliki responded that issues had been resolved between the United Iraqi Alliance and other Shia parties, and suggested the law was ready for a vote. Still, he added, "to be very open with you, I support a strong central government; not like Saddam's government, but not weaker than provincial governments." Maliki stated that there are Iraqi provinces

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that, absent strong central control, could "go with other states." While some Iraqi politicians want to emulate the U.S. or the Emirates' experiment with federalism, he added, "this took many years." We need time to convince people to support federalism, he concluded, which many Iraqis equate with permanent division. The Ambassador acknowledged the difficult decisions involved, and the complicated balance between central and local powers. Still, the PM's leadership credentials would be enhanced by his successful and timely navigation of legislation through Parliament, and would allow GOI focus to turn to service delivery. The PM commented that if it were possible to resolve these issues in the CoR this year, and if security improves further, a census would be carried out to determine the proper funding share for each province.

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Amnesty, Detainees  
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16. (S) Asked about draft amnesty legislation, Maliki confirmed the Ambassador's understanding that the law was ready for a vote in Parliament. The PM said he spoke with Chief Judge Medhat who had assured him that the legislation encompassed as many detainees as was possible. Still, he noted, opposition groups "continue to press for more." Responding to the CG's comment that CF detainee numbers were steadily dropping, Maliki said he was concerned that CF was releasing "insurgents," who the GOI was later arresting due to their continued violent activities. The CG pushed back, describing CF prisoner rehabilitation efforts and invited the PM to visit Camp Bucca to better acquaint himself with USG programs.

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Tawafuq Return  
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17. (S) Asked for a readout on talks with the Tawafuq Coalition on the latter's return to government, Maliki said

dismissively that the Sunni bloc was divided on the question of returning to the Cabinet; "they can't agree on a position." After talks last week, he added, they came out publicly with "negative statements" about our talks, even though we agreed to their demands (septel). The Ambassador and CG proposed that the PM publicly clarify his offer to return the Sunni bloc, in order to put them on the spot regarding a decision to return to government.

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